

THE STATE OF THE CITY OF ANNAPOLIS
MARCH 12, 2007

The City of Annapolis plays an important cultural and economic role in both the State of Maryland and Anne Arundel County. We are recognized as an international maritime center, an award-winning historic state capital, a city of extraordinary vitality, and a local, national, and international visitor destination. We are *almost* perfect. However, new issues in public works, transportation, environment, public safety, and community spirit challenge us. **To meet these challenges, a budget of \$74.3 million with a property tax rate of 53 cents is proposed.**

Generating revenues for public service gets tougher every year. Reaction to the “don’t- tread-on- my- pocketbook” cries of the last 30 years has resulted in significant changes in revenue sharing between government agencies. The federal government gives back fewer dollars in grants to the state. The state absorbs dollars that were once shared with local government. Revenue from sales tax, excise, and sin taxes that were once shared now go directly to the state coffers.

Some 4 million visitors come to Annapolis, the state capital, every year. **Visitors and residents add approximately 150 million dollars to the state general fund.** That is 1.1% of the State’s operating budget, quite a tidy sum for a 7 square mile jurisdiction with 36,000 residents representing only 1% of the Baltimore Metropolitan Area population.

The unintended consequences of the “don’t tax” mentality have been more dollars for the state and **fewer dollars shared with cities and towns where the majority of us live and the**

demand for public services is the greatest. We are increasingly challenged to provide the highest standard of public service, with comparatively less to work with.

Taxes: A Peek at the History

In 1887, 120 years ago, the Annapolis City Council-without squabble or debate- established a tax rate of \$.75 per \$100 of property assessed value. Property was assessed by frontage foot at approximately \$10 per foot. Therefore, a property owner with 100-foot wide lot would pay \$7.50 in property tax. In today's terms, that \$.75 would be equal to \$15.27; so, the comparable tax bill would have been \$1,527.00.

Even back then, the city public works department was facing new challenges: lighting the city streets and digging wells 220 feet deep to secure safe drinking water. The city was, as it is today, a full service municipality with a police and fire department, a market manager, a health officer, a law office, a public works department, a city clerk, parks and skating rinks, a library, a finance office and standing committees. The legislature met and the USNA was thriving as it continues to do today.

Twenty years ago, property owners paid \$3.49 per hundred dollars of assessed value (\$6.22 today). That sum included money to the City, County, and State. Today an Annapolis resident pays \$1.19: 53 cents to the City (picture two quarters, three pennies next to a \$100 bill), 54.8 cents to the County, principally for education, and 11.2 cents to the State. Comparatively, residents pay less today for public services than any time in the past.

Advances in Public Works have Changed Our Lives

In the historic Public Works garage off Defense Highway, the City houses a man-powered, two-wheeled fire engine. Other fire memorabilia includes a leather bucket assigned to families for dipping water from the town well to be used by a brigade to douse fires. The City also has a wooden pipe, one of the first used for an underground water transport system. Such is the stuff of the recent past.

In a very short time - driven by a population explosion unprecedented in history - our needs and methods of providing public service has changed dramatically. We live in a world unimaginable to the lamp lighter that walked the streets turning on the lights, or, as a cost-saving measure, NOT lighting on cloudless, full-moon nights.

Today's world is unbelievably more complex; technology has made it possible to land on the moon, explore the terrain of Mars, and instantly communicate through the Internet with people thousands of miles away. Today, we fight fires and save lives in new ways. Water systems (**sprinklers**) in buildings would now douse fires at the first sign of trouble.

Deferred Maintenance Takes its Toll

The cry 'don't tread on my pocketbook,' has reduced revenue and expenditures, and that has resulted in deferred maintenance of major infrastructures. In many instances, we do not have the capacity to provide water dousing; hundred-year-old pipes must be replaced and utility wires, an impediment to fire suppression, must be buried underground. The estimated cost to upgrade to 21st century standards over the next 10 years is \$150 million; about what the City contributes to the state in a single year. If we are to **achieve this major public works upgrade** there can be no tax rate decrease this year, or in the

near future, as there has been in each of the last four years of this administration. In fact, without **state and federal partnership** in this fiscal undertaking, it will take far longer than 10 years to accomplish.

Deferred maintenance has also taken its toll on city buildings. City Hall, first built in 1767 with lottery funds, was renovated in 1867. The ballroom or chamber is failing; it must be restored before more plaster tumbles down, rendering us unconscious or worse.

Therefore, I am asking for **additional staff support to repair our historic buildings** - City Hall, the Maynard Burgess House, the Stanton Center and Public Works buildings. This work must be done, and has been put off for far too long. As any homeowner knows, the longer we wait to do these necessary repairs, the more expensive they will become.

New Partnerships for Higher Standards

Let's Talk conversations with the people of this City reveal concerns about public safety, education, recreation, land-use, traffic, transportation, clean air, clean water, affordable housing... in other words, a higher standard of service that brings about that ever-elusive "quality of life." However, conversations did not reveal how to pay for these higher standards of service.

A city of 36,000 souls with 20% of its property non-taxable because it belongs to the Federal Government, or State Government, or County Government, or Board of Education, or Church, or one of Annapolis's very special nonprofit's, cannot depend on residence property tax dollars alone to meet new challenges for excellence. **More than ever, we need funding partners.** In stock market terms - we need to diversify our portfolio to increase our wealth.

Reconstruction of the city docks failing infrastructure is an example of a diverse and **collaborative partnership** between the City, the Federal Government, State agencies, the USNA, the Stadium Authority, Boat Shows USA, the National Sailing Hall of Fame and other businesses, individuals, and nonprofit groups. A revitalized city dock could not have been achieved without this cooperative partnership.

To expand new partnerships for our revitalization programs, I am proposing **restructuring the Office of Economic Development into a Department**. The new Department will have an Office of Minority and Small Business Development and an Office of Community Investment empowered to receive private contributions. This reorganization will help to secure the use of Community Reinvestment funds seldom used in the City. **Private investment** is critical to neighborhood revitalization programs such as Clay and Washington Streets, and outer West Street, the historic gateway to the Capital City. In the future, innovation and excellence will demand new ways of work and collaborative sharing of limited resources.

Out of the Car

Despite popular perception, Annapolis is not a “no parking” town. The City has been fortunate to increase parking opportunities. The State Garage on Bladen Street, Larkin Street and South Street surface lots are open for evening and weekend employee and resident parking. The NAAA stadium lot is organized, and Park Place will bring 600 new spaces online. Knighton garage will offer a hundred more opportunities for parking by permit. The West Street corridor is alive, well, and sustained by an active and dedicated Business Association. To serve the people using the new parking lots, this budget asks for **additional money for high frequency shuttles** essential to reducing traffic.

Meeting Energy Efficiency Goals

Last year the council passed a resolution establishing energy efficiency goals. New buildings with green roofs and lighting efficiencies are moving us toward LEED certification. **Staff support in green technology** is essential to meet the goals set by the council to reduce our dependence on foreign oil.

The environment is always high on the list of concerns of city residents. The upgrade of Back Creek Park Eco-education Center is testament to the power of volunteers and a lot of grant money. Park enhancement continues and includes the pursuit of **acquisition of the Rodgers property** -- 7 acres on the Bay adjoining Back Creek Park. The capital program also reinforces **improving the city's watershed**. To further this goal the administration is pursuing with DNR a **new partnership** as the state's first urban watershed tributary designation. This would bring new resources to achieve clean water, reduction of impervious surfaces and wetland protection.

Community Crime

After a 15-year low in crime statistics, the illegal drug business is challenging our public safety. An increase in neighborhood watch, new recreation programs, after-school programs, and community center openings, have not stopped a renewed tide of violence being experienced in cities across the nation. While last year's upsurge in crime was still lower than 12 other years since 1990, the combination of illegal drugs, illegal guns, and aggressive attitudes still threatens us. The Citizens Committee on Community Crime chaired by Reverend Callie Matthews will explore new programs for at-risk youth. City police will continue partnership with the County, the school system, Juvenile Services, and the Justice Department on a strategic short-term and long-term program to quell the sources of violence. The City must also bring new resources to this

partnership and I am asking **to reserve dollars for new programs** being planned.

Continuing Issues

Old challenges continue: a citizens committee is meeting every two weeks to address **State Law HB 1141 on growth**; a **Comprehensive Plan Committee** is addressing land-use and a new 10-year vision focused on **community character**. Volunteer citizens are assessing actions that will sustain, improve, and inspire our community. Both groups are attempting to enhance the quality of life for ourselves and for the benefit of those who come after us. Their tasks will be completed by January 2008 in time for next year's budget.

Our **City employees** are dedicated and professional public servants, recognized by their peers as being among the best in their areas of expertise. Our budget must reflect the **salaries and benefits commensurate with this professional and dedicated workforce**. We must be able to continue to recruit and retain excellent civil servants.

Collaboration with our unions has enabled us to reduce administrative health care costs from 18% four years ago to an all-time low of 1.6% this year. This represents significant, hard cash, savings.

Working **cooperatively** with our employees. Double over-time use in Public Works between July 1st and December 30th dropped from 2068 hours the previous year to 858 hours this year-another hard-cash savings.

Celebrating Our Uniqueness

The year 2008 is the **celebration of Annapolis**, Maryland's

Capital City, as the **first** municipality in Maryland in 1708 and the **only city** to receive a Royal charter from Queen Anne of England. As a city of firsts - the cultural center of the colonies, the Athens of America - we have much to brag about and share with our brothers and sisters around the globe. The completion of the Maynard Burgess House, historic walking trails on West and Washington Street, celebrating in print, art, music, and cultural exchange with our 15 Sister Cities are a few of the activities we will host. The Art in Public Places Commission has supported the Annapolis Symphony Orchestra for a special musical work created for the celebration. Over 100 applications from composers around the world hoping to create this historic piece have been received.

Looking Towards the Future

We are fortunate to live in a community with an amazing heart. In partnership with the Anne Arundel Medical Center, a free medical and dental clinic, one of only five in the nation, is housed at the Stanton Center. Recognizing how important good health is to quality of life, City employees and their families will be able to assess their physical fitness at a Health Fair coming up on April 11th.

The Annapolis Community Foundation supports many City causes and non-profits. Our hearts and souls penny campaign encourages giving by students in City Schools. A new nonprofit organization, The Friends of the Stanton Center, with the support of the Premier Planning Group and Merrill Lynch, are raising money for programs at the Center.

These kinds of **private/public partnerships** targeting our teens and young people reveal the very best of who we are and what we can do together. When our neighborhoods, our businesses, and our public agencies work together, **good things can happen**. Our City website has an entire section called "Good

Things are Happening” dedicated to the positive things that *are* going on in our schools and our City.

If goodwill prevails, a new **partnership** will result in our City becoming home to a new **International Academy for Excellence in Local Government**. The academy will provide to elected, governmental, and business leaders throughout the world, valuable educational experiences in all aspects of local governance. Our City’s vibrant history, our historic buildings, our court chambers, will be an integral part of the learning experience. The entire city of Annapolis will be a living classroom.

We also hope to become the home of the **Women’s Heritage Center**. The Center will provide a place to learn and teach about the contributions of Maryland women throughout our state's history. The Center is envisioned as a museum, learning and resource center, archives, showcase for Maryland women in the arts, and a place to gather and discuss women’s issues.

The National Sailing Hall of Fame and an expanded **Maritime Heritage Center** will solidify Annapolis as a must-see visitor destination. Each will provide new job opportunities.

The City’s AA+ bond rating, reinforced by a vibrant and diverse community offering a myriad of cultural, business and artistic opportunities, will guarantee that the future of Annapolis is secure.

As your Mayor, I am blessed with the opportunity to see this amazing community from many different perspectives. When I sit down to talk with our citizens, or meet them at one of our many events and celebrations...I am proud and humbled by the diversity and quality of the people that call Annapolis home. We live in the greatest City in the world...and with vision, collaboration and strong partnerships with those that benefit so greatly from our vibrancy, we can make it even better.

This budget addresses new challenges that I believe we can solve, with the positive action that we are noted for – engaged

citizens, engaged businesses, and engaged public agencies working together while still recognizing the value of celebration and finding the time for having fun along the way.